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SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS

Report of the Fifth Committee (Part II)

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I. INTRODUCTION

1. The previous recommendations made by the Fifth Committee to the General Assembly under agenda item 119 appear in the report of the Committee contained in document A/51/747.

2. The Fifth Committee resumed its consideration of the item at its 51st, 53rd and 55th meetings, on 17, 24, and 27 March 1997. Statements and observations made in the course of the Committee's consideration of the item are reflected in the relevant summary records (A/C.5/51/SR.51, 53 and 55).

3. For its consideration of the item, the Committee had before it the report of the Committee on Contributions (A/50/11/Add.2).[1]

II. CONSIDERATION OF DRAFT RESOLUTIONS A/C.5/51/L.43, L.46, L.50, L.53 and L.56

4. At the 51st meeting, on 17 March, the representative of the United Republic of Tanzania, on behalf of the Member States that are members of the Group of 77 and China, introduced a draft resolution entitled 'Scale of assessments for the

[1] To be issued in final form in Official Records of the General Assembly, Fiftieth Session, Supplement No. 11A (A/50/11/Add.2).

apportionment of the expenses of the United Nations" (A/C.5/51/L.43), which read:

"The General Assembly,

"Recalling all its previous resolutions on the scale of assessments, in particular resolutions 48/223 B and C of 23 December 1993,

"Having considered the report of the Committee on Contributions,

"Reaffirming that the capacity to pay of Member States is the fundamental criterion for determining the scale of assessments,

"Recognizing the importance of having a base period that takes into account the capacity to pay of Member States in a realistic manner,

"Reaffirming also rule 160 of the rules of procedure of the General Assembly,

"1. Requests the Committee on Contributions to recommend to the General Assembly at its fifty-second session a scale of assessments for the period 1998-2000 on the basis of the following elements and criteria:

"(a) Use of gross national product instead of net national income;

"(b) A statistical base period of six years;

"(c) The debt adjustment approach and low per capita income allowance formula used in the preparation of the scale of assessments for the period 1995-1997;

"(d) A floor rate of 0.001 per cent and a ceiling of 25 per cent;

"(e) Carrying the scale of assessments to three decimal places;

"(f) Market exchange rates should be used for the purpose of the scale, except where this causes excessive fluctuations or distortions in the income of some Member States, when price-adjusted rates of exchange or other appropriate conversion rates such as uniform exchange rates in accordance with the criteria set out in paragraph 3 (b) of General Assembly resolution 46/221 B of 20 December 1991 should be employed;

"2. Decides that individual rates of assessment for the least developed countries shall not exceed their current level, namely, 0.01 per cent;

"3. Also decides that the scheme of limits should be phased out in accordance with resolution 48/223 B, paragraph 1 (f), and that the allocation of additional points resulting therefrom to developing countries benefiting from its application shall be limited to 15 per cent of the effect of the phase-out."

5. At the 53rd meeting, on 24 March, the representative of the United States of America introduced a draft resolution entitled "Scale of assessments for the apportionment of the expenses of the United Nations" (A/C.5/51/L.46) which read:

"The General Assembly,

"Recalling all its previous resolutions on the scale of assessments, in particular, resolutions 48/223 B and C of 23 December 1993,

"Having considered the report of the Committee on Contributions,

"1. Requests the Committee on Contributions to recommend to the General Assembly, at its fifty-second session, a scale of assessments for the period 1998-2000, on the basis of the following elements and criteria:

"(a) Use of gross national product instead of net national income;

"(b) A statistical base period of three years, with automatic annual updating;

"(c) A ceiling rate of 20 per cent;

"(d) Carrying the scale of assessments to six decimal places;

"(e) Use of market exchange rates, except where this causes excessive fluctuations or distortions in the income of some Member States, when price-adjusted rates of exchange or other appropriate conversion rates should be employed;

"(f) Setting the low per capita income relief gradient at 75 per cent;

"(g) Non-eligibility of permanent members of the Security Council for relief based on low per capita income;

"2. Decides that the scheme of limits should be phased out in 1998 and that the allocation of additional points resulting therefrom to developing countries benefiting from its application be limited to 15 per cent of the effect of the phase-out."

6. At its 55th meeting, on 27 March, the Committee had before it a draft resolution entitled "Scale of assessments for the apportionment of the expenses of the United Nations (A/C.5/51/L.50), submitted by Japan, which read:

"The General Assembly,

"Recalling all its previous resolutions on the scale of assessments, in particular resolutions 48/223 B and C of 23 December 1993,

"Having considered the report of the Committee on Contributions,

"Reaffirming that the capacity to pay of Member States is the fundamental criterion for determining the scale of assessments,

"1. Requests the Committee on Contributions to recommend to the General Assembly at its fifty-second session a scale of assessments for the period 1998-2000 on the basis of the following elements and criteria:

"(a) Gross national product, to be used as a first approximation of capacity to pay;

"(b) Adoption of a statistical base period of six years;

"(c) Uniform exchange rates in accordance with the criteria contained in paragraph 3 (b) of General Assembly resolution 46/221 B of 20 December 1991;

"(d) Debt adjustment, to be based on actual principal payments;

"(e) Establishment of a low per capita income allowance formula with a per capita income limit of the average world per capita income for the statistical base period and a gradient of 75 per cent;

"(f) Establishment of a floor rate of 0.001 per cent and a ceiling rate of 25 per cent;

"(g) Phasing out of the effect of the scheme of limits in equal instalments by the year 2000;

"2. Decides that in phasing out the scheme of limits, the allocation of additional points resulting therefrom to developing countries benefiting from its application shall be limited to 15 per cent of the effect of the phase-out;

"3. Decides also that individual rates for the least developed countries shall not exceed the level of 0.01 per cent;

"4. Decides further that permanent members of the Security Council would not be eligible for a low per capita income allowance in calculating their scale of assessments for the regular budget."

7. At the same meeting, the Committee also had before it a draft resolution entitled "Scale of assessments for the apportionment of the expenses of the United Nations (A/C.5/51/L.53), submitted by Canada, which read:

"The General Assembly,

"Recalling its previous resolutions on the scale of assessments, in particular resolutions 46/221 B of 20 December 1991 and 48/223 B of 23 December 1993,

"Having considered the report of the Committee on Contributions,

"Recalling Article 17 of the Charter of the United Nations,

"Reaffirming that the capacity to pay of Member States is the fundamental criterion for determining the scale of assessments, and that the expenses of the Organization should be apportioned broadly according to capacity to pay,

"1. Takes note of the conclusions and recommendations of the Ad Hoc Intergovernmental Working Group on the Implementation of the Principle of Capacity to Pay, established pursuant to General Assembly resolution 49/19 A of 29 November 1994;[2]

"2. Notes the progress of the review of all aspects of the scale methodology, undertaken by the Committee on Contributions pursuant to General Assembly resolution 48/223 C,[3] and requests the Committee on Contributions to keep under review the elements of the methodology identified in its report as requiring further consideration;

"3. Endorses the recommendations of the Committee on Contributions contained in its report on its fifty-sixth session,[4] subject to the provisions of the present resolution;

"4. Requests the Committee on Contributions to recommend to the General Assembly at its fifty-second session a scale of assessments for the period 1998-2000 on the basis of the following elements:

"(a) Estimates of gross national product, as a first approximation of capacity to pay, and subject to the adjustments for factors identified by the General Assembly, as recommended by the Committee on Contributions in paragraph 28 of its report;[3]

"(b) A statistical base period of three years;

"(c) Conversion rates as recommended by the Committee on Contributions in paragraph 38 of its report;[4]

"(d) The debt adjustment approach proposed by the Committee on Contributions in paragraph 41 of its report;[4]

"(e) A low per capita income allowance formula with a per capita income limit of the average world per capita income for the statistical base period and a gradient of 85 per cent below the limit, the additional points resulting therefrom to be absorbed progressively by countries with per capita income above the limit, using a gradient of 25 per cent;

"(f) No floor rate;

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[2] A/49/897.

[3] See Official Records of the General Assembly, Fiftieth Session, Supplement No. 11 (A/50/11); and A/50/11/Add.2.

[4] A/50/11/Add.2.

"(g) A ceiling rate of 25 per cent;

"(h) Phasing out of the remaining effects of the scheme of limits completely with effect from 1 January 1998, in accordance with paragraph 1 (f) of resolution 48/223 B;

"(i) Expression of the scale of assessments in four decimal places of a percentage point;

"5. Endorses the view of the Committee on Contributions that the length of the statistical base period should be a multiple of the scale period, and that the length of the base period should be kept constant in successive scale periods;

"6. Decides that the gross national product and world income shares of Member States should be recalculated annually on the basis of a three-year rolling average and the scale of assessments adjusted accordingly;

"7. Decides also, with reference to rule 160 of the rules of procedure of the General Assembly, that the annual recalculation provided for in paragraph 6 shall not be deemed to be a general revision of the scale of assessments;

"8. Decides further that individual rates for the least developed countries shall not exceed the level of 0.01 per cent."

8. Also at the same meeting, the representative of Norway introduced a draft resolution entitled "Scale of assessments for the apportionment of the expenses of the United Nations" (A/C.5/51/L.56), submitted by the Chairman on the basis of informal consultations.

9. At the same meeting, the Committee adopted draft resolution A/C.5/51/L.56 without a vote (see para. 11).

10. Statements in explanation of position were made by the representatives of Japan, Zimbabwe, Cuba, Canada, the United Republic of Tanzania (on behalf of the Group of 77 and China), New Zealand (on behalf of Canada, Australia and New Zealand), the Netherlands (on behalf of the European Union), Latvia and Côte d'Ivoire (see A/C.5/51/SR.55).

III. RECOMMENDATION OF THE FIFTH COMMITTEE

11. The Fifth Committee recommends to the General Assembly the adoption of the following draft resolution:

The General Assembly,

Recalling its previous resolutions and decisions on the scale of assessments, in particular resolutions 48/223 B and C of 23 December 1993,

Having considered the reports of the Committee on Contributions,[5]

Reaffirming the fundamental principle that the expenses of the Organization should be apportioned broadly according to capacity to pay,

1. Requests the Committee on Contributions to present to the General Assembly at its fifty-second session eight proposals for a scale of assessments for the period 1998-2000 as follows:

(a) A proposal based on the methodology used for the scale of assessments for the period 1995-1997;

(b) A proposal to include the following elements and criteria:

(i) The scale to be based on estimates of gross national product, as a first approximation of the capacity to pay, and subject to adjustment for factors identified by the General Assembly;

(ii) A statistical base period of six years;

(iii) Uniform exchange rates, in accordance with the criteria contained in paragraph 3 (b) of resolution 46/221 B of 20 December 1991;

(iv) The debt adjustment approach used in the preparation of the scale of assessments for the period 1995-1997;

(v) A low per capita income allowance formula with a per capita income limit of the average world per capita income for the statistical base period and a gradient of 85 per cent;

(vi) A minimum assessment rate of 0.001 per cent;

(vii) A ceiling rate of 25 per cent;

(viii) The phase-out of the scheme of limits in accordance with resolutions 48/223 B and 49/19 B of 23 December 1994;

(ix) The scale of assessments to be expressed to three decimal places of a percentage point;

(x) In phasing out the scheme of limits, the allocation of additional points resulting therefrom to developing countries benefiting from its application to be limited to 15 per cent of the effect of the phase-out;

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[5] Official Records of the General Assembly, Fiftieth Session, Supplement No. 11 (A/50/11); and A/50/11/Add.2.

(xi) Individual rates of assessment for the least developed countries not to exceed the current level of 0.01 per cent;

(c) A proposal to include the following elements and criteria:

(i) Use of gross national product instead of net national income;

(ii) A statistical base period of six years;

(iii) The debt adjustment approach and low per capita income allowance formula used in the preparation of the scale of assessments for the period 1995-1997;

(iv) A floor rate of 0.001 per cent and a ceiling of 25 per cent;

(v) The scale of assessments to be expressed to three decimal places of a percentage point;

(vi) Market exchange rates to be used for the purpose of the scale, except where this causes excessive fluctuations or distortions in the income of some Member States, when price-adjusted rates of exchange or other appropriate conversion rates, such as uniform exchange rates, in accordance with the criteria contained in paragraph 3 (b) of General Assembly resolution 46/221 B, are to be employed;

(vii) Individual rates of assessment for the least developed countries not to exceed the current level of 0.01 per cent;

(viii) The scheme of limits to be phased out in accordance with paragraph 1 (f) of General Assembly resolution 48/223 B, and the allocation of additional points resulting therefrom to developing countries benefiting from its application to be limited to 15 per cent of the effect of the phase-out;

(d) A proposal to include the following elements and criteria:

(i) The scale to be based on data on gross national product;

(ii) A statistical base period of three years, with automatic annual updating;

(iii) A ceiling rate of 20 per cent;

(iv) A minimum assessment rate of 0.001 per cent;

(v) The scale of assessments to be expressed to three decimal places of a percentage point;

(vi) Use of market exchange rates, except where this causes excessive fluctuations or distortions in the income of some Member States, when price-adjusted rates of exchange or other appropriate conversion rates are to be employed;

(vii) Setting the low per capita income relief gradient at 75 per cent;

(viii) Non-eligibility of permanent members of the Security Council for relief based on low per capita income;

(ix) The scheme of limits to be phased out in 1998 and the allocation of additional points resulting therefrom to developing countries benefiting from its application to be limited to 15 per cent of the effect of the phase-out;

(e) A proposal to include the following elements and criteria:

(i) The scale to be based on data on gross national product, as a first approximation of capacity to pay;

(ii) A statistical base period of six years;

(iii) Uniform exchange rates, in accordance with the criteria contained in paragraph 3 (b) of resolution 46/221 B;

(iv) Debt adjustment to be based on actual principal payments;

(v) A low per capita income allowance formula with a per capita income limit of the average world per capita income for the statistical base period and a gradient of 75 per cent;

(vi) A minimum assessment rate of 0.001 per cent;

(vii) A ceiling rate of 25 per cent;

(viii) Individual rates of assessment for the least developed countries not to exceed the current level of 0.01 per cent;

(ix) The effect of the scheme of limits to be phased out in equal instalments by the year 2000 and the allocation of additional points resulting therefrom to developing countries benefiting from its application to be limited to 15 per cent of the effect of the phase-out;

(x) Non-eligibility of permanent members of the Security Council for a low per capita income allowance in calculating their scale of assessments for the regular budget;

(f) A proposal to include the following elements and criteria:

(i) Use of data on gross national product;

(ii) A statistical base period of three years, with automatic annual recalculation;

(iii) Exchange rates in accordance with the following criteria:

a. Market exchange rates obtained from the International Monetary Fund for all Member States that are members of the Fund;

b. Exchange rates based on the technical advice of the International Monetary Fund for Member States that are not members of the Fund;

c. United Nations operational rates for Member States for which the criteria in subparagraphs (iii) a and b above are not applicable;

d. Price-adjusted rates of exchange or other appropriate conversion rates where the use of rates consistent with the criteria in subparagraphs (iii) a to c above would cause excessive fluctuations or distortions in the income of some Member States;

e. The Committee on Contributions to provide detailed explanations for exchange rates not based on the criteria in subparagraphs (iii) a to c above;

(iv) No adjustment for external debt;

(v) A low per capita income allowance formula with a per capita income limit of the average world per capita income for the statistical base period and a gradient of 75 per cent;

(vi) The scale of assessments to be expressed to three decimal places of a percentage point;

(vii) A minimum assessment rate of 0.001 per cent;

(viii) A maximum assessment rate of 25 per cent;

(ix) No maximum assessment rate for the least developed countries;

(x) The scheme of limits to be fully phased out as at 1 January 1998;

(g) A proposal to include the following elements and criteria:

(i) Estimates of gross national product, as a first approximation of capacity to pay, and subject to adjustment for factors identified by the General Assembly, as recommended by the Committee on Contributions in paragraph 28 of its report;[6]

(ii) A statistical base period of three years;

(iii) Conversion rates as recommended by the Committee on Contributions in paragraph 38 of its report;[6]

(iv) The debt adjustment approach proposed by the Committee on Contributions in paragraph 41 of its report;[6]

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[6] A/50/11/Add.2.

(v) A low per capita income allowance formula with a per capita income limit of the world average per capita income for the statistical base period and a gradient of 85 per cent below the limit, the additional points resulting therefrom to be absorbed progressively by countries with a per capita income above the limit, using a gradient of 25 per cent;

(vi) No floor rate;

(vii) A ceiling rate of 25 per cent;

(viii) The remaining effect of the scheme of limits to be phased out completely with effect from 1 January 1998, in accordance with paragraph 1 (f) of resolution 48/223 B;

(ix) The scale of assessments to be expressed to four decimal places of a percentage point;

(x) Individual rates of assessment for the least developed countries not to exceed the current level of 0.01 per cent;

(h) A proposal to include the following elements and criteria:

(i) The scale to be based on data on gross national product;

(ii) A statistical base period of nine years;

(iii) The debt adjustment approach used in the preparation of the scale of assessments for 1995-1997;

(iv) The low per capita income allowance formula used in the preparation of the scale of assessments for 1995-1997, but excluding automatic application of the surtax for countries that cross the threshold until 10 years after the country has crossed the threshold;

(v) A minimum assessment rate of 0.001 per cent;

(vi) A ceiling of 25 per cent;

(vii) The scale of assessments to be expressed to three decimal places of a percentage point;

(viii) Market exchange rates to be used for the purpose of the scale, except where this causes excessive fluctuations or distortions in the income of some Member States, when price-adjusted rates of exchange or other appropriate conversion rates, such as uniform exchange rates, in accordance with the criteria contained in paragraph 3 (b) of General Assembly resolution 46/221 B are to be employed;

(ix) A maximum individual rate of assessment of 0.01 per cent for the least developed countries;

(x) The scheme of limits to be phased out, in accordance with paragraph 1 (f) of General Assembly resolution 48/223 B, and the allocation of additional points resulting therefrom to developing countries benefiting from its application to be limited to 15 per cent of the effect of the phase-out;

and to make appropriate recommendations thereon;

2. Decides that, notwithstanding the provisions of paragraph 1, the Member State that is the subject of General Assembly decision 50/471 B of 23 December 1995 should not be subject to any increase in its rate of assessment for the period 1998-2000 as a result of the gradual phasing out of the scheme of limits during that period;

3. Requests the Committee on Contributions to keep a number of issues relating to the scale methodology under review.